

Message Text

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54

ACTION ARA-17

INFO OCT-01 ADP-00 CIAE-00 COME-00 EB-11 INR-10 LAB-06

NSAE-00 RSC-01 SIL-01 PM-09 DODE-00 PA-03 USIA-12

PRS-01 TRSE-00 AID-20 RSR-01 /093 W

----- 102301

R 172337 Z APR 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 4076

LIMITED OFFICIAL USE SANTIAGO 1693

E. O. 11652: N/ A

TAGS: ECON, EIND, CI

SUBJECT: CONFLICT BETWEEN GOC AND OPPOSITION HEIGHTENS
OVER ECONOMIC ISSUES

REF: (A) SANTIAGO 0748; (B) SANTIAGO 1594;
(C) SANTIAGO 1591; (D) SANTIAGO 1738 4/12/73

1. SUMMARY: IN ADDITION TO POLITICAL CONFRONTATION
PROVOKED BY GOC DESIRE ESTABLISH UNIFIED NATIONAL SCHOOL
PROGRAM (ENU) REPORTED IN PREVIOUS EMBASSY CABLES .
OPPOSITION HAS DECLARED IT WILL FIGHT GOVT WAGE ADJUSTMENT
PROPOSAL AND QUOTE ILLEGAL UNQUOTE TAKEOVERS OF PRIVATE
FIRMS. END SUMMARY.

2. GOC HAS AGAIN MODIFIED ITS COST- OF- LIVING WAGE
ADJUSTMENT PROPOSAL (REFS A AND B) IN RESPONSE TO UNION AND
OTHER PRESSURES. IT HAS ANNOUNCED PLANS TO SEND REVISED
BILL TO CONGRESS SHORTLY, GIVING FULL COST- OF- LIVING
ADJUSTMENT UP TO FIRST 5 SUELDOS VITALES (INSTEAD OF 3 SUELDOS
VITALES IN ORIGINAL BILL) , AND COMPENSATING FOR CPI
RISE DURING SIX MONTH PERIOD ENDING MARCH 31(60.2
PERCENT) INSTEAD OF FOUR MONTH PERIOD ENDING JANUARY
31. REVISED BILL WOULD GIVE PERHAPS 80 PERCENT OF
ALL WORKERS 60.2 PERCENT RAISE. GOVT CONTINUES TO
INSIST THAT TAXES TO PAY ESTIMATED E31 BILLION FOR
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INCREASED PUBLIC SECTOR WAGE BILL MUST COME FROM MIDDLE
AND UPPER CLASSES. PDC AND OTHER OPPOSITION
CONGRESSIONAL LEADERS SAY GOVT' S BILL IS STILL
UNACCEPTABLE. THEY HAVE ANNOUNCED INTENTIN NUMBER ONE PRIORITY IN
REGIONAL DEVELOPMENT PLAN.
NO OTHER HOUSE AVAILABLE.

6. NOTE. FOOTNOTE PARA C REF B STATED CONSTRUCTION 3 HOUSES
CAN BEGIN WHEN GRANT AGREEMENT/ PROPS PERMIT. SINCE GRANT
AGREEMENT REF A AND PROP IN AID/ W FOR APPROVAL, MISSION
ASSUMES CONSTRUCTION BEGIN NLT LTE MAY.

7. MISSION TARGET DATE, PARA C REF B, COMPLETE CO-
STRUCTION HOUSING FOR THREE NEW TECHNICIANS WAS CAUSTIOUS
MAXIMU PERIOD. GRANT AGRREMENT AND PROP APPROVAL/
AUTHORIZATION BEGIN CONSTRUCTION PRIOR AUGUST 73 WILL
ADVANCE COMPLETION DATE. THEREFORE HOPEFUL THEY BE COMPLETED
SOONER THAN AUGUST 74, BUT ASSURANCE US TANPAK HOUSE
INTERIM PERIOD HOUSE. MISSION HOPEFUL FIRST HOUSES
OF 6 UNDER CONSTRUCTION READY BY TIME PROP APPROVED, PIO/ T
ISSUED, CONTACT AMENDED AND TECHNICIANS RECRUITED/ ON- BOARD.
MISSION NOT BELIEVED INTERIM 6- MONTH TANPAK UNITS MEET
CRITERIA INTENDED QUOTE OTHER HOUSE UNQUOTE PARA 4 REF A.
BEYER

UNCLASSIFIED

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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